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Attorneys for Plaintiff,
LUCILE SALTER PACKARD CHILDREN'S HOSPITAL AT STANFORD

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA**

LUCILE SALTER PACKARD
CHILDREN'S HOSPITAL AT
STANFORD, a California non-profit
corporation;

Plaintiff,

v.

BLUE CROSS BLUE SHIELD
HEALTHCARE PLAN OF GEORGIA,
INC., a Georgia for-profit corporation;
and DOES 1 THROUGH 25, inclusive,

Defendants.

Case No.:

COMPLAINT FOR DAMAGES FOR:

1. BREACH OF IMPLIED IN FACT
CONTRACT; AND
2. *QUANTUM MERUIT*

PARTIES

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2
3 1. Plaintiff LUCILE SALTER PACKARD CHILDREN'S
4 HOSPITAL AT STANFORD ("Lucile Packard Children's Hospital") is a non-
5 profit corporation organized and existing pursuant to the laws of the State of
6 California. Lucile Packard Children's Hospital has its principal place of business
7 in the City of Palo Alto, County of Santa Clara, State of California. Lucile
8 Packard Children's Hospital renders medically necessary care to patients in need of
9 medical services.

10
11 2. Lucile Packard Children's Hospital is informed, believes, and
12 thereon alleges that Defendant BLUE CROSS BLUE SHIELD HEALTHCARE
13 PLAN OF GEORGIA, INC. ("BCBSGA Plan") is an insurance company that is
14 organized and existing pursuant to the laws of the State of Georgia. BCBSGA Plan
15 has its principal place of business in the City of Indianapolis, State of Indiana.
16 Among other things, BCBSGA Plan is in the business of arranging, providing,
17 and/or paying for the provision of health care services to its enrollees.

18 3. Lucile Packard Children's Hospital is unaware of the true
19 names and capacities, whether corporate, associate, individual, partnership or
20 otherwise of defendants Does 1 through 25, inclusive, and therefore sues such
21 defendants by such fictitious names. Lucile Packard Children's Hospital will seek
22 leave of the Court to amend this complaint to allege their true names and capacities
23 when ascertained.

24
25 4. Defendant BCBSGA Plan and Does 1 through 25, inclusive,
26 shall be collectively referred to as " BCBSGA Plan."

27
28 5. Each of the defendants, at all relevant times, have transacted

1 business in the State of California.

2
3 6. Lucile Packard Children's Hospital is informed, believes, and
4 thereon alleges that at all relevant times, each of the defendants, including the
5 defendants named "Doe" were and are the agent, employee, employer, joint
6 venturer, representative, alter ego, subsidiary, and/or partner of one or more of the
7 other defendants, and were, in performing the acts complained of herein, acting
8 within the scope of such agency, employment, joint venture, or partnership
9 authority, and/or are in some other way responsible for the acts of one or more of
10 the other defendants.

11
12 **COMMON FACTUAL BACKGROUND**

13
14 7. Lucile Packard Children's Hospital is informed and believes
15 and thereon alleges that, at all relevant times, the Patient D¹ (Dates of service
16 December 5, 2019 – December 22, 2019; Subscriber ID UIK***953) was an
17 enrollee of a health plan sponsored, administered, and/or financed by BCBSGA
18 PLAN.

19
20 8. Patient D, a minor, was brought by her father to Lucile Packard
21 Children's Hospital's emergency department for medically necessary care. Lucile
22 Packard Children's Hospital rendered medically necessary services (including
23 emergency related medical services) to Patient D from December 5, 2019 –
24 December 22, 2019.

25
26 9. Lucile Packard Children's Hospital is informed and believes
27 and thereon alleges BCBSGA PLAN is financially responsible for the medically

28

¹ For the purpose of this public filed document, Lucile Packard Children's Hospital has limited disclosure of the patient identification here pursuant to the privacy provisions of the Health Insurance Portability & Accountability Act ("HIPAA"), 42 U.S.C. §§ 1320 et seq., and the California Constitution, art. 1 § 1.

1 necessary services (including emergency related medical services) rendered to
2 Patient D from December 5, 2019 – December 22, 2019.

3
4 10. The reasonable value of Lucile Packard Children's Hospital's
5 medically necessary services (including emergency related medical services)
6 rendered to Patient D from December 5, 2019 – December 22, 2019, amounted to
7 \$337,741.50, which also reflects Lucile Packard Children's Hospital's usual and
8 customary full bill charges.

9
10 11. Lucile Packard Children's Hospital timely and properly billed
11 BCBSGA PLAN and/or its agent for the medically necessary services (including
12 emergency related medical services) rendered to Patient D from December 5, 2019
13 – December 22, 2019.

14
15 12. Rather than fully paying Lucile Packard Children's Hospital for
16 the medically necessary services (including emergency related medical services)
17 rendered to Patient D, BCBSGA PLAN only paid a small amount.

18 **FIRST CAUSE OF ACTION**

19 (Breach of Implied-In-Fact Contract)

20 (Against defendant BCBSGA PLAN and Does 1 through 25, inclusive)

21
22 13. Lucile Packard Children's Hospital incorporates by reference
23 and re-alleges paragraphs 1 through 12 here as though set forth in full.

24
25 14. At all relevant times, Lucile Packard Children's Hospital and
26 Anthem Blue Cross (not a party in this action) had entered into a written contract
27 (the "Facility Agreement"). According to the Facility Agreement, Lucile Packard
28 Children's Hospital agreed to render medically necessary services (including

1 emergency related medical services) to enrollees of Anthem Blue Cross health
2 plans, as well as enrollees of Other Payors, which are entities utilizing a network to
3 access the Facility Agreement pursuant to an agreement with Anthem Blue Cross
4 or an Anthem Affiliate, including but without limitation to other Blue Cross and/or
5 Blue Shield plans that are not Affiliates, and employers or insurers (the “Plan”). In
6 exchange for access to the discounted rates called for in the Facility Agreement,
7 each such Plan was to pay directly to Lucile Packard Children’s Hospital the
8 negotiated discounted rates for the medically necessary services (including
9 emergency related medical services) rendered to the enrollees of that Plan.

10
11 15. Lucile Packard Children’s Hospital is informed and believes
12 and thereon alleges that at all relevant times, BCBSGA PLAN is an Other Payor as
13 identified in the Facility Agreement, an out-of-state affiliate of Anthem Blue
14 Cross, an independent licensee of the Blue Cross Blue Shield Association, an
15 associate of a Blue Cross Blue Shield Association, and/or a participant in the
16 BlueCard program.

17
18 16. Lucile Packard Children’s Hospital is informed and believes
19 and thereon alleges that at all relevant times, BCBSGA PLAN had an agreement
20 with Anthem Blue Cross or an Affiliate, where BCBSGA PLAN is allowed to
21 access the negotiated discounted rates under the Facility Agreement and where
22 BCBSGA PLAN agreed to pay Lucile Packard Children’s Hospital at those
23 negotiated discounted rates when Lucile Packard Children’s Hospital rendered
24 medically necessary services (including emergency related medical services) to
25 enrollees of BCBSGA PLAN.

26
27 17. Lucile Packard Children’s Hospital is informed and believes
28 and thereon alleges that at all relevant times, BCBSGA PLAN had a business
relationship with Anthem Blue Cross, where BCBSGA PLAN agreed to pay Lucile

1 Packard Children's Hospital for the medically necessary services (including
2 emergency related medical services) rendered to the enrollees of BCBSGA PLAN
3 pursuant to negotiated discounted rates under the Facility Agreement.
4

5 18. Thus, at all relevant times, Lucile Packard Children's Hospital,
6 under the Facility Agreement, was a provider of medically necessary services
7 (including emergency related medical services) for the benefit of all enrollees of
8 Anthem Blue Cross health plans (including out-of-state affiliates of Blue Cross of
9 California), enrollees of all independent licensees of the Blue Cross Blue Shield
10 Associations, enrollees of Blue Card program plans, and enrollees of Other Payors.
11

12 19. Thus, at all relevant times, BCBSGA PLAN was subject to the
13 negotiated discounted rates under the Facility Agreement.
14

15 20. Accordingly, Lucile Packard Children's Hospital agreed to
16 render medically necessary services (including emergency related medical
17 services) to enrollees of BCBSGA PLAN; in exchange, BCBSGA PLAN agreed to
18 pay Lucile Packard Children's Hospital at the negotiated discounted rates under the
19 Facility Agreement. In general, the negotiated rates under the Facility Agreement
20 provided for medically necessary services (including emergency related medical
21 services) to be paid at a discount off of Lucile Packard Children's Hospital's usual
22 and customary total billed charges.
23

24 21. Under the Facility Agreement, Lucile Packard Children's
25 Hospital agreed to submit bills to BCBSGA PLAN (through Anthem Blue Cross),
26 reflecting Lucile Packard Children's Hospital's usual and customary total billed
27 charges associated for rendering medically necessary services (including
28 emergency related medical services) to enrollees of BCBSGA PLAN. In exchange,
BCBSGA PLAN agreed to process and pay such claims according to the

1 negotiated discounted rates under the Facility Agreement (i.e., Lucile Packard
2 Children's Hospital's usual and customary total billed charges less a specified
3 discount). Lucile Packard Children's Hospital's usual and customary total billed
4 charges for rendering the medically necessary services (including emergency
5 related medical services) to Patient D from December 5, 2019 – December 22,
6 2019, amounted to \$337,741.50. BCBSGA PLAN paid a small amount, but refused
7 to pay the balance due of \$130,466, despite demands thereof.

8
9 22. BCBSGA PLAN breached that implied-in-fact contract by
10 failing to pay Lucile Packard Children's Hospital the remaining amount due of
11 \$130,466, in accordance with the Facility Agreement.

12
13 23. As a result of the breach by BCBSGA PLAN, Lucile Packard
14 Children's Hospital has suffered damages in an amount to be proven at trial
15 according to proof but which is not less than \$130,466, exclusive of interest.

16
17 **SECOND CAUSE OF ACTION**

18 *(QUANTUM MERUIT)*

19 (Against defendant BCBSGA PLAN and Does 1 through 25, inclusive)

20
21 24. Lucile Packard Children's Hospital incorporates by reference
22 and re-alleges paragraphs 1 through 12 here as though set forth in full.

23
24 25. In the alternative, should it be found no contractual relationship
25 exists between Lucile Packard Children's Hospital and BCBSGA PLAN and/or its
26 agents, these claims should nevertheless be fully paid under the theory of *quantum*
27 *meruit*.

28 26. At all relevant times, Lucile Packard Children's Hospital is

1 informed and believes and thereon alleges that BCBSGA PLAN instructed its
2 enrollees to go to the nearest emergency hospital to obtain medically necessary
3 services (including emergency related medical services) when the enrollees believe
4 they are experiencing an emergency medical condition.

5
6 27. At all relevant times, Lucile Packard Children's Hospital is
7 informed and believes and thereon alleges that BCBSGA PLAN instructed
8 (through words or conduct) its enrollees that BCBSGA PLAN will pay the hospital
9 directly when medically necessary services (including emergency related medical
10 services) are provided to the enrollees.

11
12 28. Lucile Packard Children's Hospital is informed and believes
13 and thereon alleges that at all relevant times, Patient D, from December 5, 2019 –
14 December 22, 2019, was an enrollee of a BCBSGA PLAN health plan, and had
15 paid premiums to BCBSGA PLAN for medical coverage. In exchange for such
16 payment of premiums, BCBSGA PLAN was expected to accept, process, arrange
17 for, and/or pay hospitals for the medically necessary services (including emergency
18 related medical services) rendered to Patient D.

19 29. Lucile Packard Children's Hospital is informed and believes and thereon
20 alleges that by providing such medically necessary services (including emergency
21 related medical services) to Patient D, Lucile Packard Children's Hospital
22 conferred a benefit upon BCBSGA PLAN because it allowed BCBSGA PLAN to
23 make good on promises made to its enrollees that its enrollees and their families
24 would receive and be covered for the medically necessary services (including
25 emergency related medical services) and would shield their enrollees from the bulk
26 of the financial responsibility for payment for the medically necessary services
27 (including emergency related medical services) received by them and their
28 families. Thus, by fulfilling its coverage obligations to its plan enrollees and their

1 families, BCBSGA PLAN does not have to face allegations that they breached any
2 duties owed to the plan enrollees and their families. In other words, by rendering
3 medically necessary services (including emergency related medical services) to
4 Patient D, Lucile Packard Children's Hospital helped BCBSGA PLAN fulfill its
5 legal duty as explained above. Thus, a benefit accrued to BCBSGA PLAN and
6 Lucile Packard Children's Hospital is entitled to the reimbursement of the
7 reasonable value of the services. The reasonable value of the services is Lucile
8 Packard Children's Hospital's usual and customary full bill charges.

9
10 30. Lucile Packard Children's Hospital is informed and believes
11 and thereon alleges that BCBSGA PLAN promised its enrollees (including Patient
12 D or their representatives) it would arrange for and/or pay for the medically
13 necessary services (including emergency related medical services) needed by them.

14
15 31. Accordingly, when Lucile Packard Children's Hospital
16 rendered the medically necessary services (including emergency related medical
17 services) to Patient D, BCBSGA PLAN benefited because Lucile Packard
18 Children's Hospital thereby assisted BCBSGA PLAN in meeting its obligation to
19 arrange for and/or pay for the medically necessary services (including emergency
20 related medical services) rendered to its enrollees, including Patient D.

21
22 32. Because BCBSGA PLAN not only confirmed coverage, but
23 also authorized the treatment, such conduct is tantamount to a request by BCBSGA
24 PLAN to confer the benefit of treatment provided by Lucile Packard Children's
25 Hospital to Patient D.

26 33. BCBSGA PLAN's own conduct manifested an implicit request
27 for Lucile Packard Children's Hospital to render the medically necessary services
28

(including emergency related medical services): first, BCBSGA PLAN and/or its agent verified insurance eligibility information for Patient D under BCBSGA PLAN' health plans; second BCBSGA PLAN authorized the medical services for Patient D; third, at no time during the hospitalization, did BCBSGA PLAN coordinate the transfer of Patient D to another hospital or coordinate with another provider to take over the care of Patient D; and fourth, BCBSGA PLAN issued partial payment for the medically necessary services (including emergency related medical services) rendered to Patient D.

34. By its words and/or conduct, BCBSGA PLAN and/or its agent requested that Lucile Packard Children's Hospital provide Patient D the medically necessary services (including emergency related medical services).

35. Acting pursuant to BCBSGA PLAN's implied and/or express request, Lucile Packard Children's Hospital provided medically necessary services (including emergency related medical services) to Patient D.

36. Lucile Packard Children's Hospital's rendering of the medically necessary services (including emergency related medical services) to Patient D was intended to, and did, benefit Patient D, and therefore BCBSGA PLAN.

37. For rendering the medically necessary services (including emergency related medical services) to Patient D, Lucile Packard Children's Hospital expected BCBSGA PLAN to fully reimburse Lucile Packard Children's Hospital at its reasonable value of \$337,741.50, which also reflects Lucile Packard Children's Hospital's usual and customary full bill charges, for the medically necessary services (including emergency related medical services) rendered to Patient D from December 5, 2019 – December 22, 2019.

40. As a result of BCBSGA PLAN's misconduct and/or the misconduct of its agents, Lucile Packard Children's Hospital has suffered damages in the amount of \$309,784.50.

WHEREFORE, Lucile Packard Children’s Hospital prays for judgment as follows:

38. for the principal sum of \$130,466 and for interest on such principal sum at the rate of 15% per annum, pursuant to Cal. Health & Safety Code § 1371; or, in the alternative, for interest on such principal sum at the rate of 10% per annum, pursuant to Cal. Civ. Code § 3289;

39. for the principal sum of \$309,784.50 and for interest on such principal sum at the rate of 15% per annum, pursuant to Cal. Health & Safety Code § 1371; or, in the alternative, for interest on such principal sum at the rate of 10% per annum, pursuant to Cal. Civ. Code § 3289;

1 For all Causes of Action:

2 40. for all costs of suit incurred herein; and,

3 41. for such other and further relief as the Court deems just and
4 proper.

5
6 Dated: December 7, 2021

7 LAW OFFICES OF STEPHENSON,
8 ACQUISTO & COLMAN, INC.

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10 

11 BARBARA V. LAM
12 Attorneys for
13 LUCILE SALTER PACKARD
14 CHILDREN'S HOSPITAL AT
15 STANFORD
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